

# REPORT DOCUMENTATION PAGE

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**14. ABSTRACT**

Replete information exists within federal government agencies. However, a one-stop-shop service does not exist for Air Force contracting professionals who must learn the sweeping changes of Performance-Based Service Contracts (PBSC). This project includes a web-based central repository of PBSC knowledge. The objectives, or deliverables, will be available for downloading at this center. Contracting, functional customers, and contractors are the target audience. Partnering efforts include AFSPC/LGC, PACAF/LGC, and RAND. This training web site was the official Air Force Online training for PBSC during 1999 Acquisition & Logistics Reform Week, 7 - 11 Jun 99.

**15. SUBJECT TERMS**

Performance Management; Performance Measurement; Performance-Based; services; results;  
AFI 63-124; performance-based service contracts

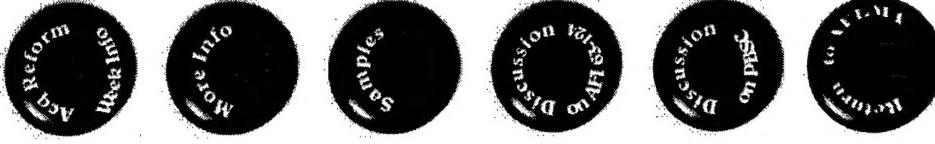
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# AFLMA Online



Performance  
Outcome based  
service contracts  
encourage  
success

[Instructions](#)   [Comparability](#)   [Feedback](#)

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## Executive Summary

**AFI 63-124**

**Writing SOWs**

**Contractor Metrics**

**Learn to Main**

**S**

(they can stand alone as exercises or use them to fuel your discussion groups.)

**Down to Skill**

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## **Executive Summary**

**Why PSC**

**Top 10 PSC**

**AFCOS**

**What is PSC**

**Comprehensive Metrics**

**Reinforcement**

**Scenarios**

(try them out and at these exercises or use them to fuel your discussion groups)

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# Performance Based Services

## An Executive Summary

Air Force  
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Notes

# Overview

- Why PBSC
- Top-level commitments

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It's about obtaining higher levels of contractor performance.

It's about nurturing a synergistic partnership.

It's about commercial contracting.

Source: "Acquisition Planning for Commercial Activities Competition"

</body>

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## Benefits of PBSC

- Achieves better prices and performance
- Clearly defines performance requirements
- Grants contractors flexibility
- Requires less surveillance
- Motivates contractors towards innovation

Source: HQ AFSPC/LGC

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## Review

- Why PBSC
- Top-level commitments

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## Top-Level Commitments

- The President's FY99 Budget includes converting service contracts to PBSC methods
- OFPP Pilot Project demonstrated validity
  - 15% price reduction
  - 18% increase in customer satisfaction
  - Validated 20 years of positive experiences

Source: Memo, DUSD(AR), 2 Jul 98

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Notes

## AF Commitment to PBSC

- PBSC affects “Big Rocks”
  - Commercial Contracting
  - CS&P
  - Past Performance
  - Reengineering Source Selection Process
  - \* Reengineering Services Buying

Source: "Contracting 21: 1999 Business Plan"

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## Review

- Why PBSC
- Top-level commitments

## Executive Summary

### AFI 63-124

### Background

### Major changes

### New terms

### Developing SOWs

### Quality Assurance

### Writing SOWs

### Contract Metrics

### Return

## Scenarios

(try your hand at these exercises or use them to fuel your discussion groups)

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# AFI 63-124

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## *Performance Based Service Contracts*

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# Overview

- Background
- Major changes
- New terms
- Developing SOWs
- Quality Assurance

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Notes

# Background

- Escalating cost comparison studies
- Commercial acquisitions improve the service contract process
- Building functional partnerships
- Building service partnerships

Source: HQ AFSPC/LGC

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# Review

- Background
- Major changes
- New terms
- Developing SOWs
- Quality Assurance

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Notes

## Major Changes

- Replaces AFM 64-108, "Service Contracts"
- Replaces AFI 63-504, "Quality Assurance Evaluator Program"
- Applies to all service contracts >\$100K--see the AFI for exceptions
- Encourages maximum use of commercial acquisitions

Source: AFI 63-124 and HQ AFSPC/LGC

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## AFI 63-124's Philosophy

- Flexible acquisitions
- Promotes Acquisition Reform
- Performance, not process
- Formalizes a team approach
- Applies a life-cycle view

Go Commercial

Source: AFI 63-124 and HQ  
AFSPC/LGC

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Notes

# Things You Won't Find

- 40 pages of mandatory language
- Emphasis on monetary deductions
- 100% inspections
- Random sampling preference
- Oversight mindset

Source: HQ AFSPC/LGC

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# Things You Will Find

## Team Approach

- Performance Management Council
- Installation Business Advisor
- Business Requirements Advisory Group (BRAG)
- Functional Director or Functional Commander
- Centralized Performance Management Office (by option)

Source: HQ AFSPC/LGC

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Notes

# Market Research, A Joint Venture

- Determine if commercial solution
- Identify commercial practices
  - ◆ Takes both contracting and functionals
  - ◆ Learn requirement, terms & conditions, warranties, contract format, performance incentives, solicitation/evaluation methods, quality assurance methods

Source: HQ AFSPC/LGC

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# Review

- Background
- Major changes
- New terms
- Developing SOWs
- Quality Assurance

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## New Terms

- BRAG--“business solution team”
- Centralized Perf Mgt Team--a “centralized quality assurance office”
- Partnering--a “government-contractor relationship that promotes achievement of mutual beneficial goals”
- SOW--a “performance-based description of the service”

Source: AFI 63-124

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## Some Other New Terms

**Old**

**New**

- PWS → SOW (aka PWS, Work Statement, SON, SOO, TRD)
- FAC → Functional Director or Commander (FD/FC)
- QAE → QA Personnel (QAE and QAS)
- PRS → Service Delivery Summary (SDS)

Source: HQ AFSPC/LGC

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# Review

- Background
- Major changes
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- Developing SOWs
- Quality Assurance

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Notes

# Developing SOWs

- Complies with *commercial*/terms & conditions
- Describes "what," not "how"
- Includes *measurable* performance objectives
- Includes historic and projected workload data
- Cites instructions by *specific* reference

Source: AFI 63-124

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Notes

# SOW Format

- Description of Services
- Service Delivery Summary (SDS)
- Gov't Furnished Property and Services
- General Information
- Appendix/Appendices

SDS is the foundation of the requirement, the other sections just supplement this

Source: AFI 63-124 and HQ  
AFSPC/LGC

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Notes

# Service Delivery Summary

- Includes Performance Objectives and Performance Thresholds
- Captures requirement at outcome level
- Not the Performance Requirements Summary (PRS)
  - ◆ Objectives are outcomes, not tasks
  - ◆ No percentages, no deducts
  - ◆ Surveillance not included

Source: HQ AFSPC/LGC

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# Review

- Background
- Major changes
- New terms
- Developing SOWs
- Quality Assurance

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Notes

# Quality Assurance Surveillance Plan

- Performance objective
- Performance threshold
- Method of surveillance
- May be included in solicitation

\* Partnering may produce metrics

Source: AFI 63-124

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Notes

## The Shift from Oversight to Insight

- **Insight...partnering with contractor**
- **Build QA into program from beginning**
- **Rely on contractor's quality control program**
- **Eliminates QA's from duplicating contractor's quality control**
- **Inspection = validate contractor metrics**

Source: HQ AFSPC/LGC

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Notes

# Review

- Background
- Major changes
- New terms
- Developing SOWs
- Quality Assurance

**Executive Summary**

**AFI 63-1**

**Writing**

**Before we start**

**The process**

**Other**

**Contracting**

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**Scenarios**

(try your hand at the scenarios or use them to fuel your discussions with groups)

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# **Writing Performance-Based Statements of Work (SOWs)**

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Notes

# Overview

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- Before we get started...
- The process
- Other useful tips

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Notes

## **Before We Get Started, Tips To Remember**

- RFP promotes results through partnership
- Set the stage for a fair process
- Don't underestimate time, labor, skills
- Goal: attract qualified suppliers, not drive them away

Source: "Designing Effective RFPs for Performance-Based Contracts"

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Notes

## For a Fair Process...

- Make inability to achieve outcome the only barrier to participation
- Be explicit and realistic about info that bidders provide
- Establish evaluation criteria and link to requested info

Source: "Designing Effective RFPs for Performance-Based Contracts"

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# Review

- Before we get started...
- The process
- Other useful tips

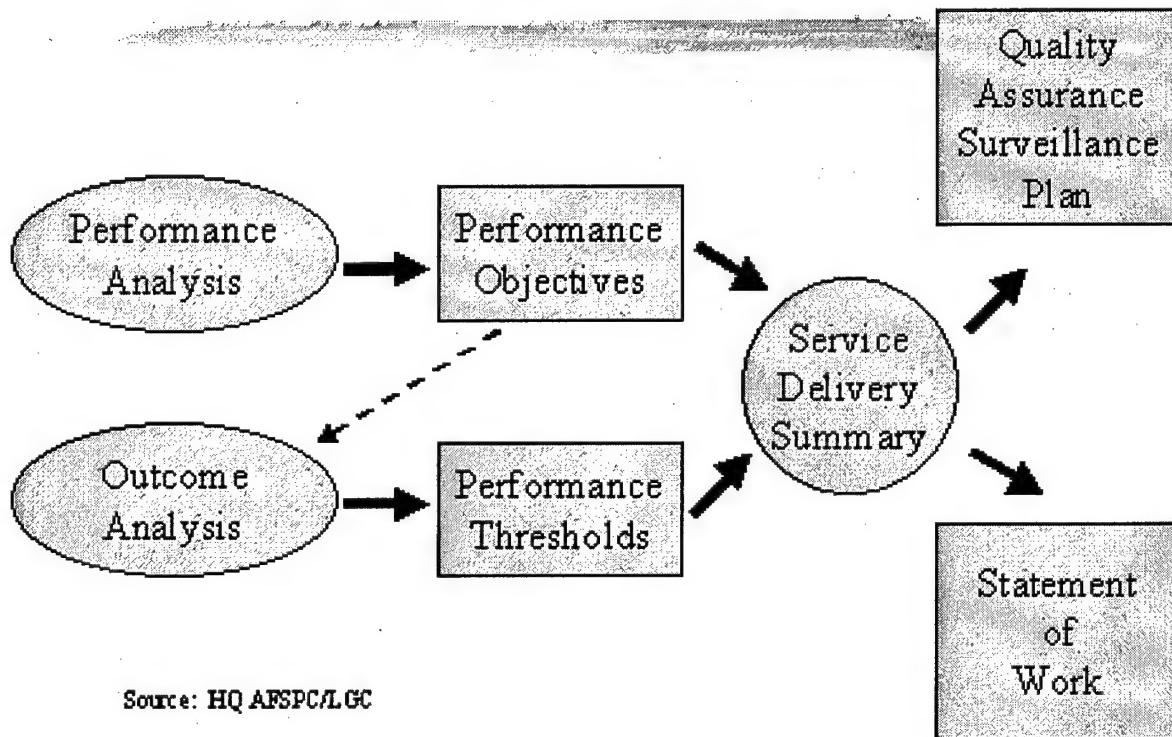
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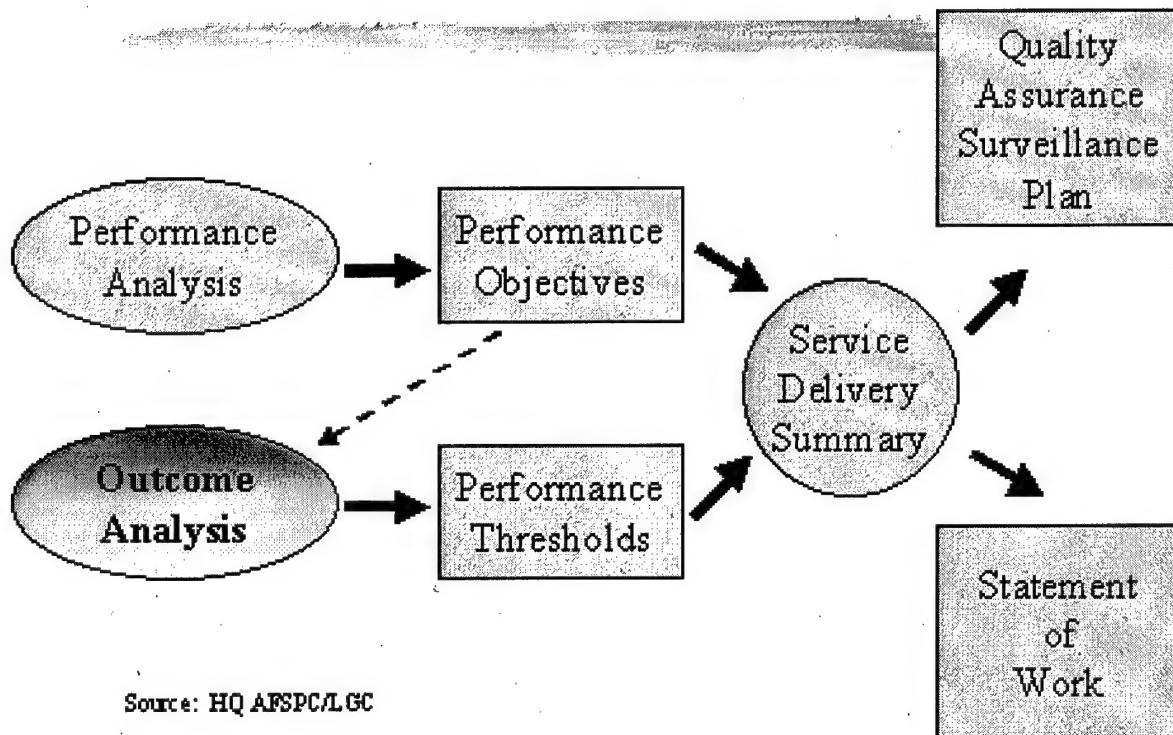
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# The Process



## The Process—Outcome Analysis



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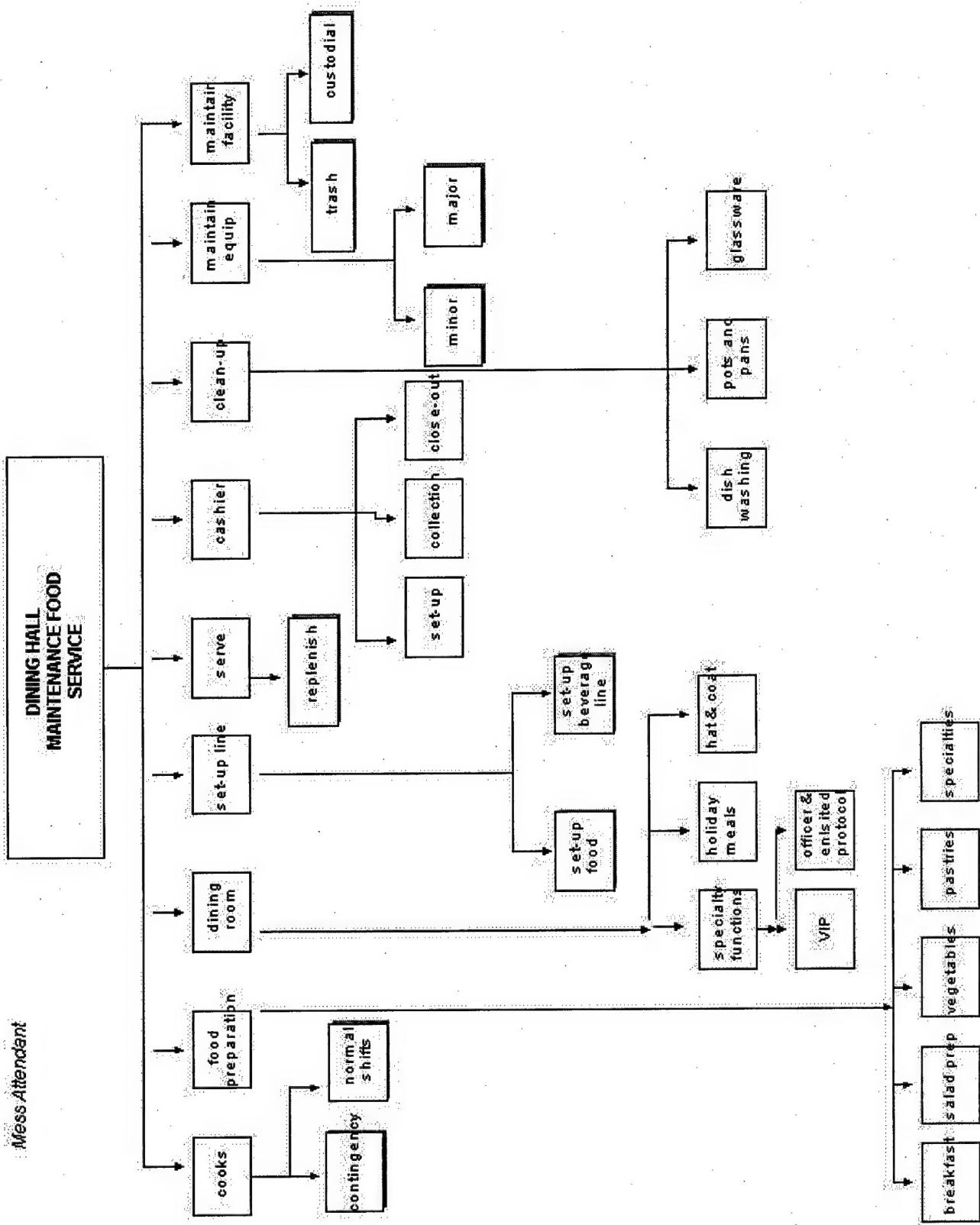
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Notes

# Outcome Analysis

- Identify Performance Objectives
  - || Services and required output
  - || *What* or end results
- Breakdown tasks into multiple levels
  - || Tree diagram or other tool

Source: HQ AFSPCALGC,  
emphasis added



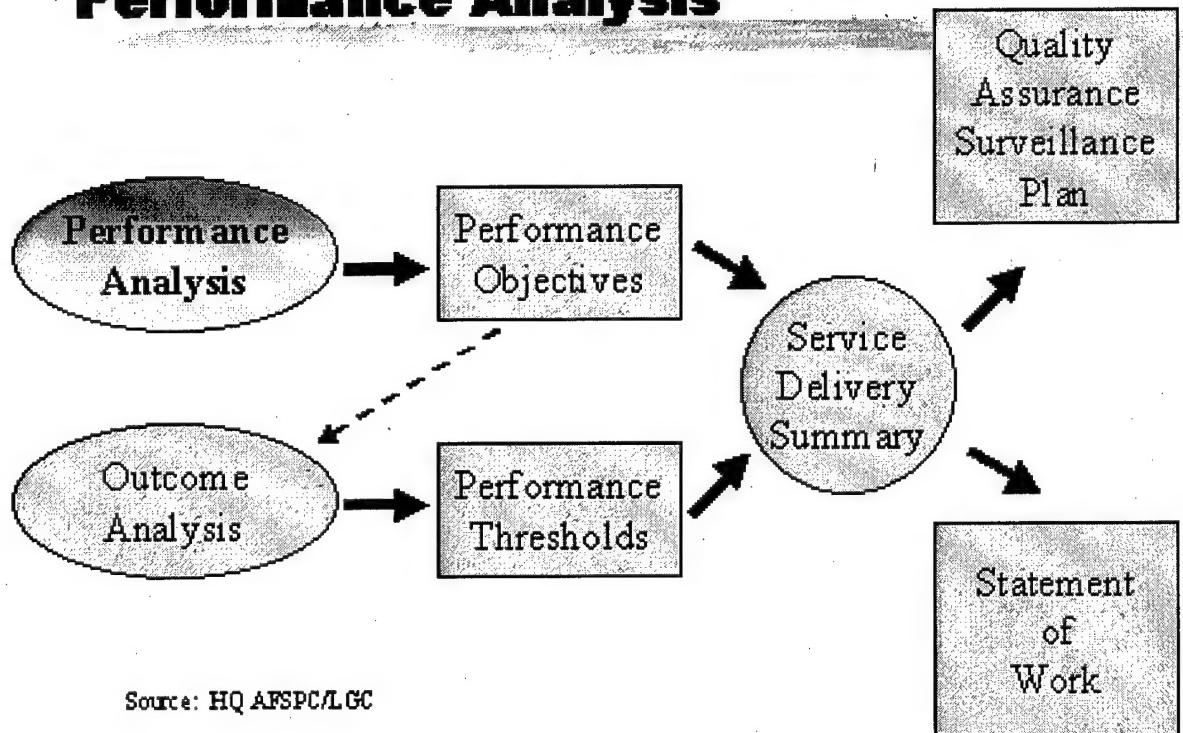
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# The Process—

## Performance Analysis



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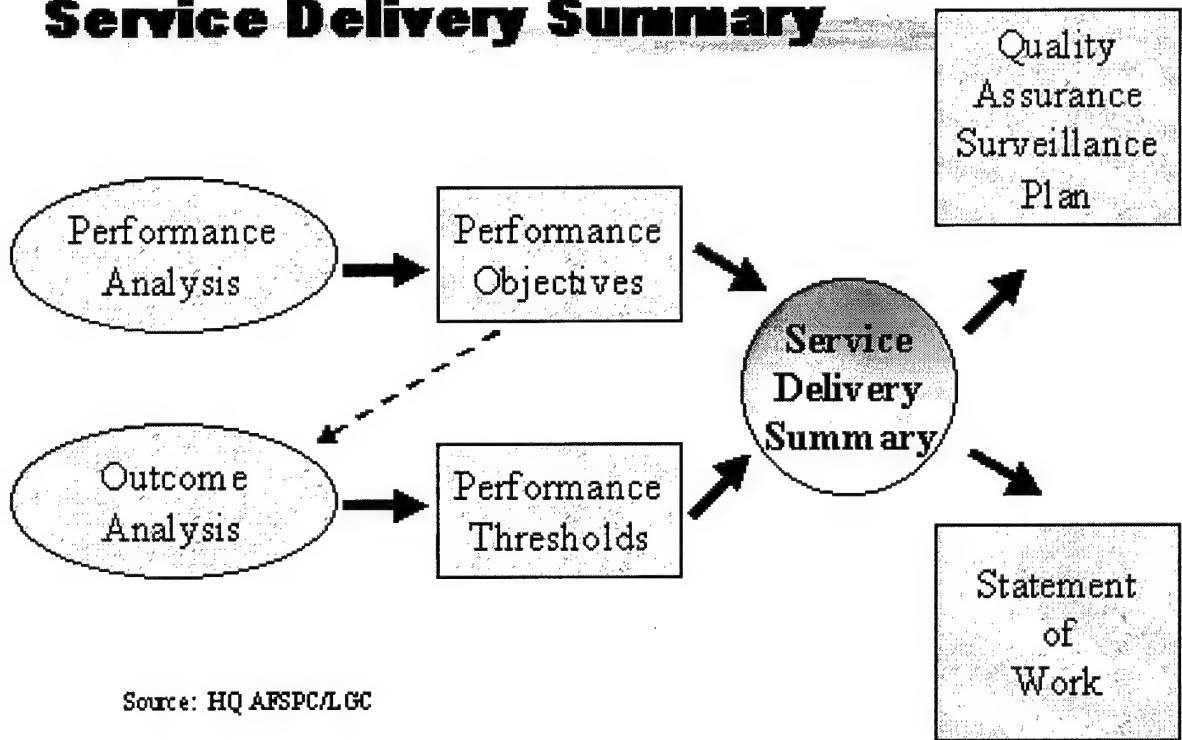
# Performance Analysis

- Use Performance Objectives from Outcome Analysis
- Establish Performance Thresholds
  - Rarely 100%
  - May be desirable...like 95%
- Use commercial standards when available

Source: HQ AFSPC/LGC

## The Process—

### Service Delivery Summary



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Notes

## Service Delivery Summary

- Includes Performance Objectives and Performance Thresholds
- Captures requirement at outcome level
- Not the Performance Requirements Summary (PRS)
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  - Surveillance not included

Source: HQ AFSPC/LGC

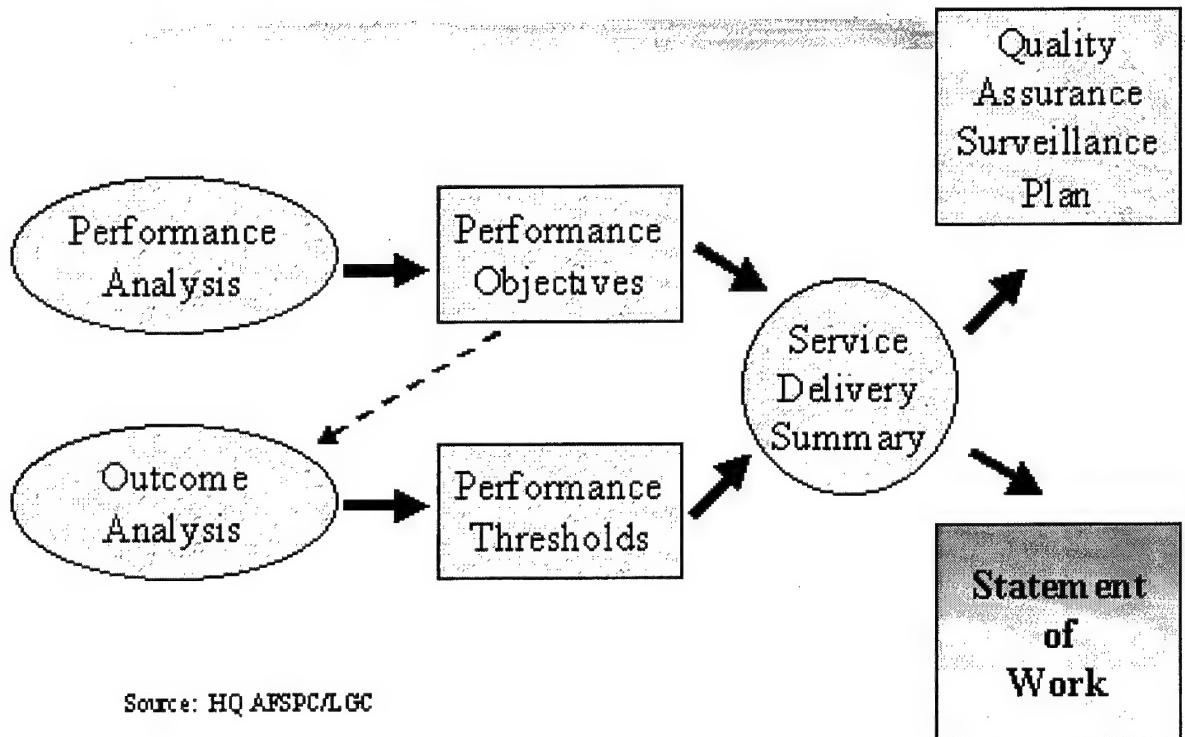
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# Service Delivery Summary Example

Performance Objective	SOW para.	Performance Threshold
Comply with sanitation requirements of the food code and state and local laws/regulations, which results in a satisfactory or better rating in health inspections.	9.d(3), 13.b., 15, and 16.a(4)	100% of the time
The contractor shall accomplish the food preparation tasks IAW recipe cards and serve in standard portions.	1.3.c.	9.5% of menu items per meal period

Source: HQ AFSPC/LGC

# The Process—Statement of Work



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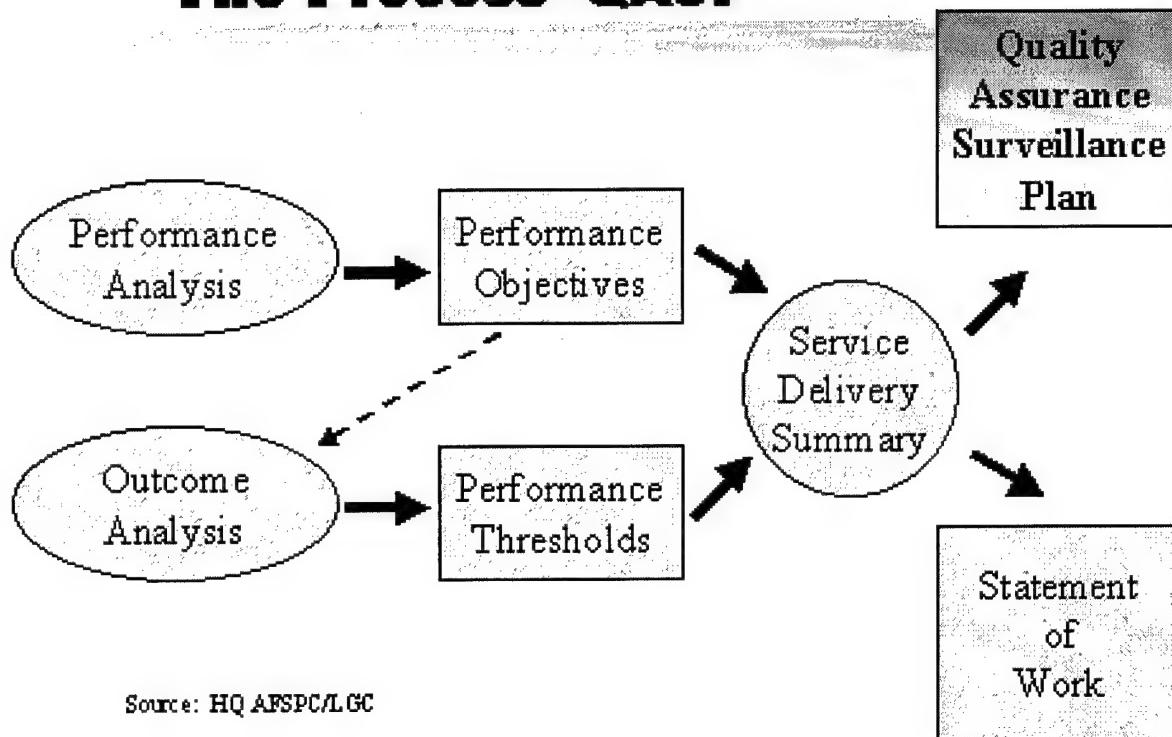
# **SOW Format**

- Description of Services
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- Gov't Furnished Property and Services
- General Information
- Appendix/Appendices

**SDS is the foundation of the requirement, the  
other sections just supplement this**

Source: AFM 83-124 and HQ  
AFSPC/LGC

## The Process—QASP



# Quality Assurance Surveillance Plan

- Ensures quality performance is a dual responsibility
  - Contractor is responsible for quality control, or "QC"
  - Government is responsible for quality assurance, or "QA"
- A "quality management system" ties these two responsibilities together

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Notes

# Quality Assurance Surveillance Plan

- Performance objective
- Performance threshold
- Method of surveillance

*Partnering may  
produce metrics*

Source: AFI 63-124

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Notes

# Quality Assurance Surveillance

## ■ Past and Present

- Past: In the past the government was left with 4 methods of surveillance; 100 %, Periodic, Customer Complaint and random sampling
- Present: Flexibility is now key; Additionally, quality indexing, Metrics, trend analysis, 3rd party audits,etc.

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# Review

- Before we get started...
- The process
- Other useful tips

## Reference to AFIs & Pubs

- Question necessity of reference
- Only cite specific chapter or paragraph
- Include in text for Description of Services along with applicable requirement
  - e.g., food service contractor shall ensure only authorized individuals are served, IAW AFI 34-241, para. 1.1

Source: AFI 34-24 and HQ AFSPC/LGC

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Notes

## On Tailoring Your Contract

- Increasing contract length reduces potential for opportunism, but limits adjustments to changing circumstances
- Use other contract provisions to manage opportunism and uncertainty
  - Minimum purchase requirements
  - Price adjustment provisions
  - Renegotiation

Source: RAND's "Strategic Sourcing: Theory and Evidence from Economics and Business Management"



## Measuring Success

- Use direct, quantifiable measures
- Use indirect, substitute measures
  - Health of lake: PPM of toxins
- Use examples, lists, deadlines, statements

Source: "Performance  
Measurement in Government"

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# Review

- Before we get started...
- The process
- Other useful tips

**Executive Summary**

**AFI 63-124**

**Writing SOW**

**Contractor Metrics**

**Basics**

**Pre-Award Metrics**

**Quality Assurance**

**Metrics**

**Return to Main**

**Scenarios**

(try your hand at these exercises or use them to fuel your discussion groups)

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# Contractor Metrics

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Notes

# Overview

- Basics
- Pre-Award Items
- Quality Assurance
- Metrics

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Notes

# Insight Vs. Oversight

## ■ Oversight

- ◆ Inspections aimed at detecting problems
- ◆ Customer performed

## ■ Insight

- ◆ Customer's risk-based understanding, validation, surveillance of contractor's management and performance metrics

Source: HQ AFSPC/LGC

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Notes

## Fix the Cause, Not the Defect

- Shift responsibility of service quality to contractor
- Validate, not duplicate, contractor's quality system
  - ◆ Requires minimal resources with acceptable risk

Source: HQ AFSPC/LGC

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Notes

# Industry Uses Metrics, Too

- As buyers, to choose among sources
- To design the contract
  - ◆ Work scope, outcome-oriented
  - ◆ Always open to adjustment
- Each relationship has its own set
- Certain patterns occur
  - ◆ Cost, responsiveness, quality

**Bottom line:** To improve processes

Source: RAND's "Commercial  
Sourcing: Patterns & Practices in  
Facility Management"

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# Review

- Basics
- Pre-Award Items
- Quality Assurance
- Metrics

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Notes

# Inspection of Services

- Required on every contract
- Provides right to inspect anytime, anywhere
- Requires contractor's inspection system
- Forces contractor to re-perform deficient services

Source: HQ AFS FC/LG C

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Notes

## The Commercial Items Clause Contains a Paragraph on Inspection and Acceptance

- Only tender acceptance-conforming items
- Gov't reserves right to inspect services tendered for acceptance
  - ◆ Requires some surveillance
- Gov't may require re-performance of non-conforming services

Source: HQ AFSPC/LGC

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Notes

# Pre-Award Communications

- Issue a draft QA plan as part of solicitation but not part of resulting contract
- Listen to contractors
- Apply good ideas

Source: HQ AFSPC/LGC

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# Review

- Basics
- Pre-Award Items
- Quality Assurance
- Metrics

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Notes

# Monitoring and Evaluating

- Plan before contract
- Tailor monitoring to each service
- Build trust
- Tap contractor for criteria
- Create an evaluation MIS
- Use market incentives

Source: "The Basics of Performance-Based Contracts:  
Lessons From State and Local Governments"

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Notes

## Key Ingredients of a QASP

- Identifies basic sources of contract data
- Identifies desired quality levels
- Identifies Gov't resources
- Emphasizes business partnership

Source: "GSA's Pledge to PBSC for Building Services"

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Notes

# Quality Assurance Surveillance Plan

- Not a contractual item
  - ◆ What we inspect
  - ◆ When we inspect
  - ◆ How we inspect is our choice
- BRAG develops QASP with SOW and Performance Thresholds
- Tailored to requirement

Source: HQ AFSPC/LGC

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## QASP Example

Performance Objective	SOW para.	Performance Threshold
Prepare food IAW recipe cards	13 x.	95% of menu items per meal period

- Method of Surveillance: QAEs will verify weekly, during one meal period, 100% of the food prepared and served. The QAE will vary meal periods from week to week. The QAE will verify that contractor generated metrics accurately reflect inspection results.

Source: HQ AFS PC/LGC

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Notes

## Level of Surveillance

- Balance requirement and risk
- Sometimes more frequent at start
- BRAG reviews QASP throughout the life cycle

Source: HQ AFSPC/LGC

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# Surveillance Methods

- Audit contractor-provided QA
- Periodic inspection
- Customer feedback
- Contractor's metrics

Source: HQ AFS PC/LG C

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Notes

# Periodic Inspection

- **Flexible**
- **Can provide more confidence**
- **Can validate:**
  - ◆ Contractor-provided metrics
  - ◆ Contractor inspection records
  - ◆ Contractor inspection proficiency

Source: HQ AFSPC/LGC

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Notes

# Customer Feedback

- After all, target contract performance to meet customers' needs
  - ◆ Customer surveys
  - ◆ Customer voice

Source: HQ AFSPC/LGC and RAND's "Innovative Uses of Performance Metrics in Strategic Sourcing"

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# Review

- Basics
- Pre-Award Items
- Quality Assurance
- Metrics

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Notes

# Metrics

- **Provide status of performance**
  - ◆ Accurate
  - ◆ Meaningful
- **Contractor MIS**
- **Gov't job is insight...**

Source: HQ AFSPCALGC and RAND's "Innovative Uses of Performance Metrics in Strategic Sourcing"

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Notes

# Performance Incentives

- Past performance data
- Award fee
- Incentive fee

Source: HQ AFSPC/LGC

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Notes

# Choosing Appropriate Metrics

- Link metrics to strategic goals
- Track results
  - ◆ Outcome-oriented
  - ◆ Process-oriented
- Either quantitative or qualitative

Source: RAND's "Innovative Uses of  
Performance Metrics in Strategic Sourcing"

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Notes

# Evaluation Categories

- Cost
- Customer satisfaction
- Safety
- Human Resource policies
- Using technology
- Training
- Financial stability
- Special interests
- Socio-economic goals

Source: RAND's "Innovative Uses of  
Performance Metrics in Strategic Sourcing"

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Notes

## Contractor Responsibilities

- Generate savings
- Think strategically
- Raise the bar--continuously

## And the Result...

- Share savings with Gov't
- Achieve strategic goals
- Reap incentives

Source: "Challenges and Strategies for Moving to Performance-Based Service Contracting in the Federal Government"

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Finish

# Review

- Basics
- Pre-Award Items
- Quality Assurance
- Metrics

[Scenarios](#)

[Outcome Analysis](#)

[Performance Analysis](#)

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[SOW](#)

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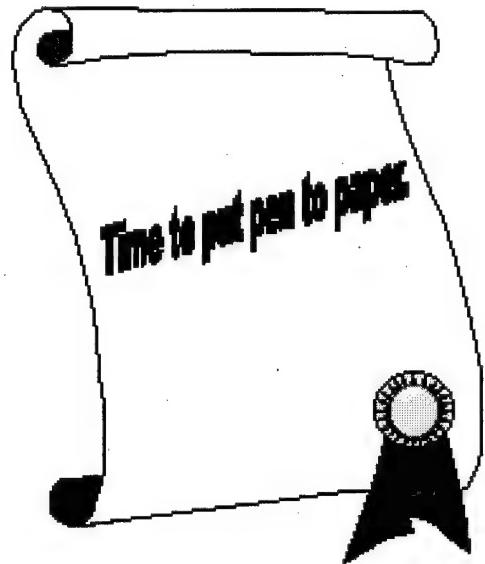


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Notes

# PBSC SCENARIOS

- Outcome Analysis
- Performance Analysis
- SDS
- SOW
- QASP

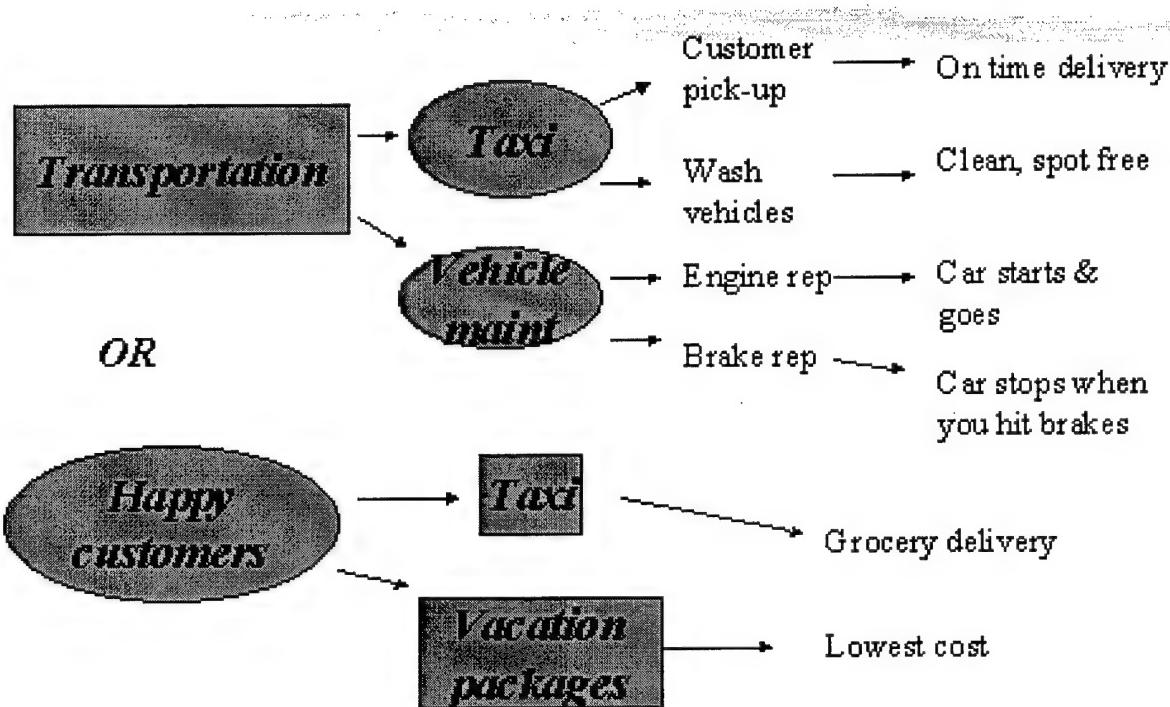


## Scenario 1: Outcome Analysis Practice Run

- Select the outcome-based requirement from old-style, task-based requirement
- Develop 3 Outcome Analysis statements to include in the SOW

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## Which best reflects Outcome Analysis?



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## Who is Responsible?

- You have just become assigned to a BRAG. The Functional Director believes the SDS doesn't reflect the changes in work over the last 5 years. Who is going to do the fixing?

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Notes

## Select the 3 best Outcome-Based Statements

- All stealth craft require carbon fiber 2868
- Maintain low to no detection to the enemy
- Food lines open at 1200 sharp
- Food lines properly stocked for patrons during the meal period
- Cut the grass weekly and during the general's visits
- Maintain the grass uniformly green to an acceptable height

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## **Scenario 2: Performance Analysis Practice Run**

- After running outcome analysis, you still need a performance level.
- Write a performance level for the grass length on a grounds maintenance contract.

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Notes

# Performance Analysis

- Turn 3 outcome statements into performance statements.
  1. Maintain the grass
  2. Ensure customer taxi delivery
  3. Perform cashier services and ensure accurate cash collections
- What might the performance analysis require as standards?

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Notes

# Performance Analysis

In both of the following, differentiate the objective from the performance threshold.

1. Prepare Food IAW world wide menu card.  
100% of menu items appear on the day's world wide menu card.
2. Ensure MFH unit is ready for scheduled arrival date. Units unavailable require local accomodations paid by vendor 100 % of the time.

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## **Scenario 3: Translate Outcome Analysis & Performance Analysis into the SDS**

- Insert a Performance Objective and Performance Threshold into the SDS

Performance Objective	SOW para.	Performance Threshold
The contractor shall accomplish the food preparation tasks IAW recipe cards and serve in standard portions.	1.3.c.	95% of menu items per meal period

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## **Scenario 4: Statement of Work Practice Run**

- Objective: Know the outline of the SOW

Pick out the correct order for the SDS,  
Description of Services, Appendices,  
Government-Furnished Property and Services,  
and General Information

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

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# Statement of Work

- Objective: Distinguish what is in/not in the SOW, and where it goes
  - 1. Method of Surveillance
  - 2. Fertilizer provided by CE
  - 3. AFI 32-4008, coded mandatory
  - 4. Quality assurance language
  - 5. Market research forms.

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# Quality Assurance Surveillance Plan

- ④ Objective: Identify the source document for starting to write the Quality Assurance Surveillance Plan (QASP)
  - 1. PRS
  - 2. PWS
  - 3. SOW
  - 4. SDS
  - 5. QC PLAN

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## **Scenario 5: Quality Assurance Surveillance Plan Practice Run**

**Objective:** Determine appropriate surveillance method for each listed requirement to include in the QASP

1. Pick up military family housing trash from 0800 - 1000, Wednesdays
2. Mow General Haphazard's lawn daily
3. Billeting linen free of hair, spots, stains
4. Aircraft painted IAW SOW
5. Air conditioning maintenance

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# Quality Assurance Surveillance Plan

Objective: Demonstrate knowledge of the preferred government emphasis on quality assuring contractor services. When defects are found, the preferred method is:

1. Have another contractor perform the service?
2. Have the government perform the service?
3. Deduct money?
4. Reperformance?
5. Reperformance and take money?

Explain

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Finish

Notes

## PBSC Scenario Overview

- Know the PBSC process to writing an RFP
- Use outcome analysis
- Select adequate performance measures
- Write mean, lean, quality assured SOWs
- Quality assure relying first on quality control

**What is PBSC?**

**CS&P**

**Teaming in Government**

**Partnering With Industry**

**Incentives**

**Ref. to Main**

**Sect.**

(try your hand at these exercises or use them to fuel your discussion groups)

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## **What is PBSC?**

**Why PBSC**

**What is PBSC**

**How it works**

**CS&P**

**Teaming in your unit**

**Partnership with industry**

**Incentives**

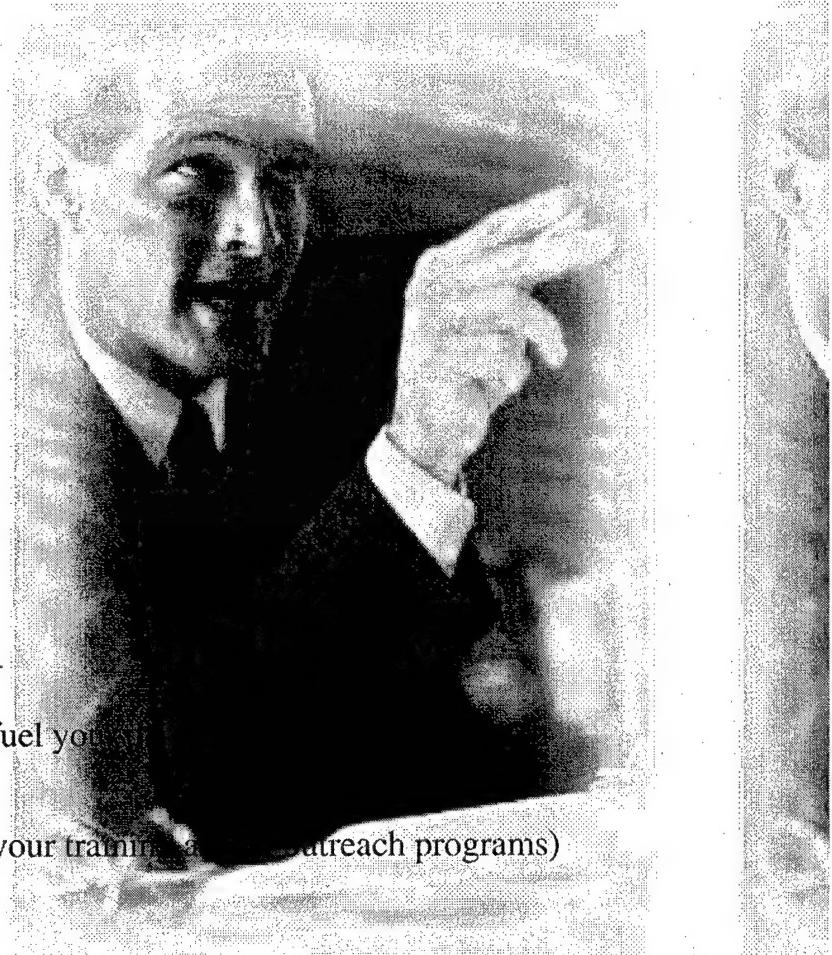
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**Scenarios**

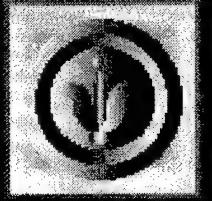
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# What Are Performance Based Service Contracts All About?

Air Force  
Logistics Management Agency

AFLMA/LGC  
501 Ward Street  
MAFB Gunter Annex AL 36114-3236  
[lgc@aflma.gunter.af.mil](mailto:lgc@aflma.gunter.af.mil)

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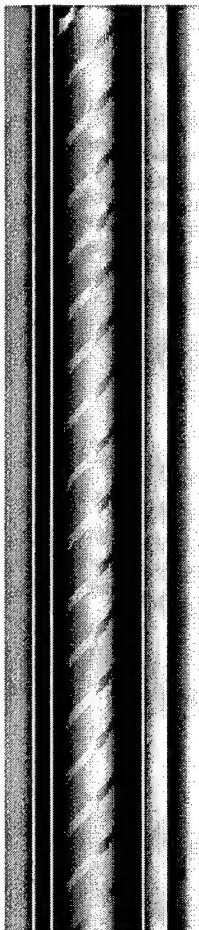
## Overview

- Why PBSC
- What is PBSC
- How it works

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**It's about obtaining higher levels of contractor performance.**

**It's about nurturing a synergistic partnership.**

**It's about commercial contracting.**

Source: "Acquisition Planning for Commercial Activities Competition"

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Notes

## Statutory Drivers

- **Government Performance and Results Act**
- **Clinger-Cohen Act**
- **Government Management Reform Act**
- **Federal Activities Inventory Reform Act**

Source: "Performance-Based Government: A New Way of Doing Business in Washington"

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Notes

## General Observations About a Complex Market

- **Low cost is rarely a primary consideration**
  - High performance and ability to match needs
- **Long-term relationships apply to simple and complex tasks**
- **Partnerships yields more bundled services**
  - Bundles grow with more confidence

Source: RAND's "Commercial Sourcing: Patterns & Practices in Facility Management"

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Notes

## Benefits of PBSC

- Achieves better prices and performance
- Clearly defines performance requirements
- Grants contractors flexibility
- Requires less surveillance
- Motivates contractors towards innovation

Source: HQ AFSPC/LGC

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## Review

- Why PBSC
- What is PBSC
- How it works

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## Elements of a PBSC

- ***Outcome-based requirements document***
- ***Clear, consistent, unambiguous, measurable performance standard***
- ***Surveillance over contractor's inspection system, not duplicating it***

Source: HQ AFSPC/LGC,  
emphasis added

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Notes

## PBSC is Also About...

- **Performance standards**
- **Financial incentives**
- **Advanced measurement techniques**
- **Empowering contractors**

Source: "The Basics of Performance-Based Contracts:  
Lessons From State and Local Governments"

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Notes

## Just a Sample Change Food Service

### ● Old

- Personal hygiene
- Health exams
- Food borne disease test
- Equipment & utensil cleaning
- Food preparation equipment cleaning
- Service equipment cleaning
- Dining area equipment cleaning

### ● New

- Comply with FDA Food Code which results in a satisfactory or better rating in health inspections

Source: HQ AFSPC/LGC

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## Review

- Why PBSC
- What is PBSC
- How it works

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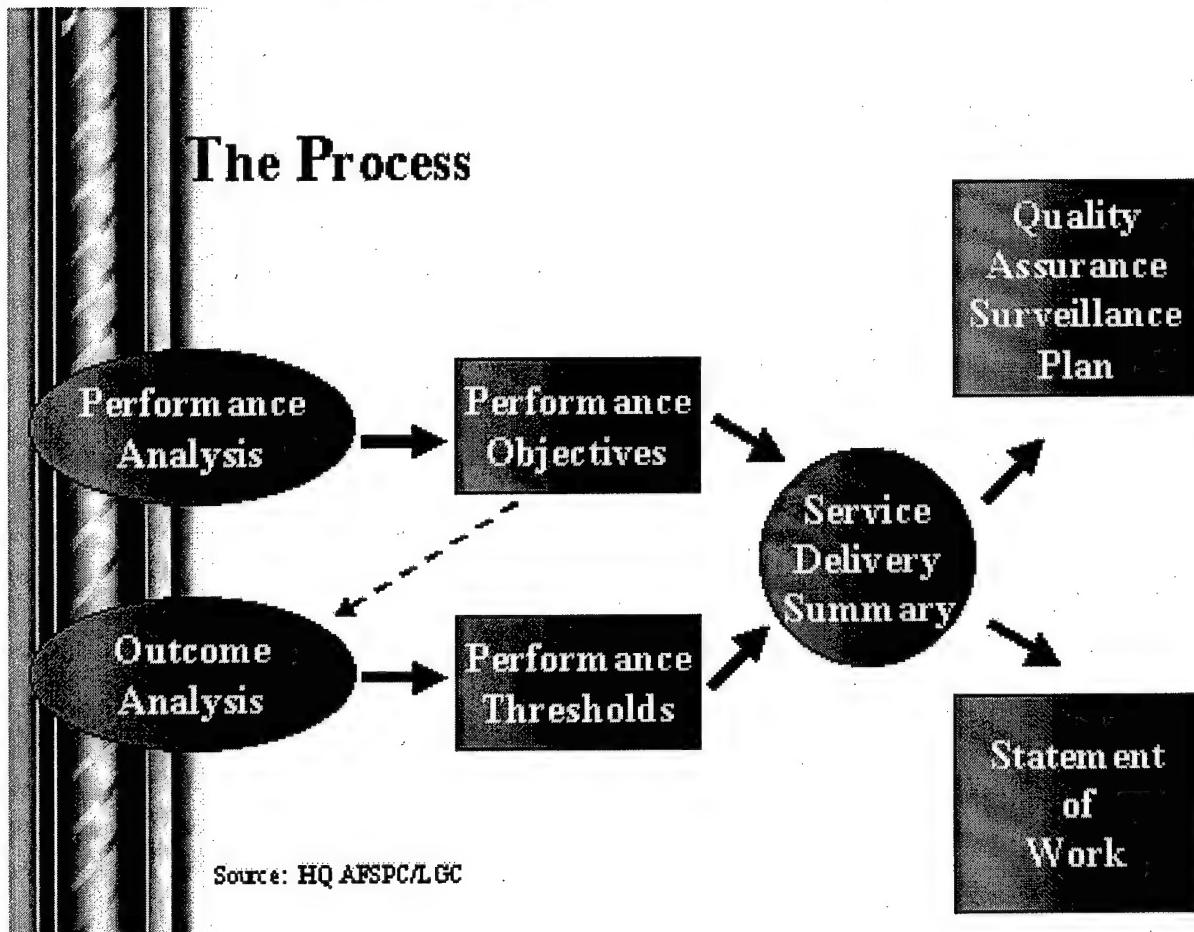
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## 3 Simple Steps

- Design the SOW
- Incorporate incentives
- Monitor and evaluate performance

Source: "The Basics of Performance-Based Contracts:  
Lessons From State and Local Governments"

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 Back Finish

## Review

- Why PBSC
- What is PBSC
- How it works

This block is a primer on Performance Based Service Contracts. It first addresses why service contract acquisitions have been changed. Then it describes what is meant by a performance-based contract. Finally, it shows how it all works.

**What is PBSC?**

**CS&P**

**Why firms outsource**

**Bundling**

**CS&P initiatives**

**A-76 experiences**

**Teaming in Government**

**Partnering With Industry**

**Incentives**

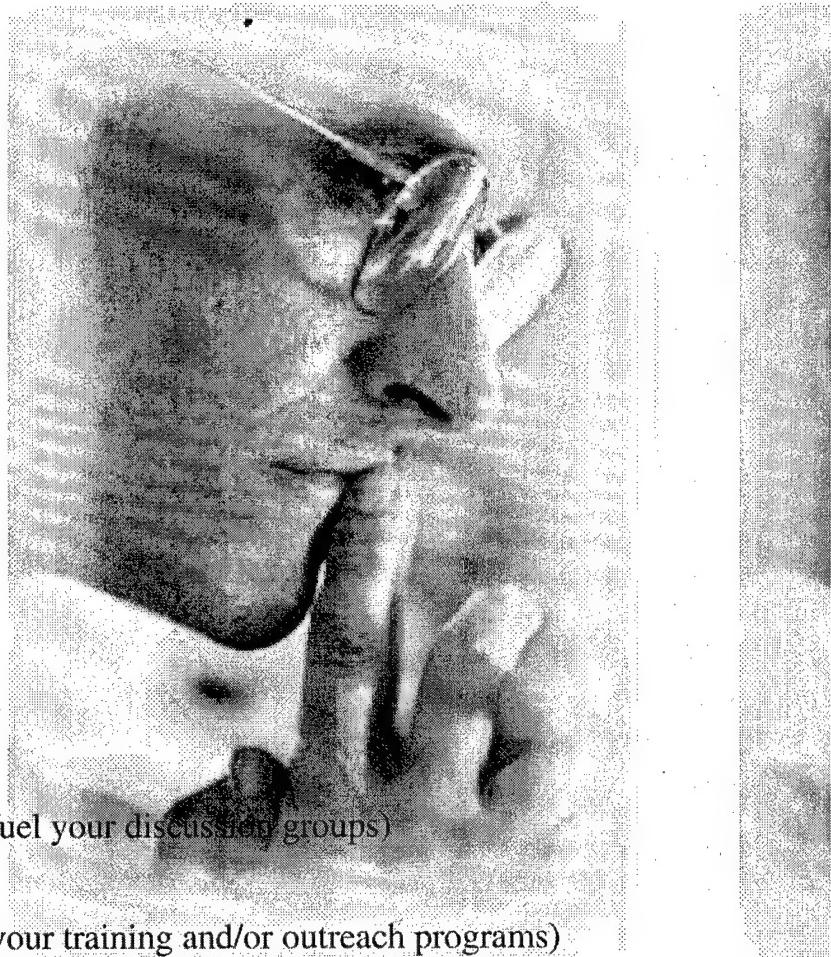
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**Scenarios**

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This site is available on the World Wide Web at: <http://www.il.hq.af.mil/aflma/lgc/pbsc/frameset3.htm>.  
SAF/PAS approval # 99-0520 dated Jun 8, 1999.

**14. ABSTRACT**

Replete information exists within federal government agencies. However, a one-stop-shop service does not exist for Air Force contracting professionals who must learn the sweeping changes of Performance-Based Service Contracts (PBSC). This project includes a web-based central repository of PBSC knowledge. The objectives, or deliverables, will be available for downloading at this center. Contracting, functional customers, and contractors are the target audience. Partnering efforts include AFSPC/LGC, PACAF/LGC, and RAND. This training web site was the official Air Force Online training for PBSC during 1999 Acquisition & Logistics Reform Week, 7 - 11 Jun 99.

**15. SUBJECT TERMS**

Performance Management; Performance Measurement; Performance-Based; services; results;  
AFI 63-124; performance-based service contracts

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## Executive Summary

Why PSC

Top 10 Reasons

AFLMS

What's New

Communication Metrics

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# Performance Based Services

## An Executive Summary

Air Force  
Logistics Management Agency

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[lgc@aflma.gunter.af.mil](mailto:lgc@aflma.gunter.af.mil)

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## Overview

- Why PBSC
- Top-level commitments

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It's about obtaining higher levels of contractor performance.

It's about nurturing a synergistic partnership.

It's about commercial contracting.

Source: "Acquisition Planning for Commercial Activities Competition"

&lt;\body&gt;

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Notes

## Benefits of PBSC

- Achieves better prices and performance
- Clearly defines performance requirements
- Grants contractors flexibility
- Requires less surveillance
- Motivates contractors towards innovation

Source: HQ AFSPC/LGC

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## Review

- Why PBSC
- Top-level commitments

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## Top-Level Commitments

- The President's FY99 Budget includes converting service contracts to PBSC methods
- OFPP Pilot Project demonstrated validity
  - 15% price reduction
  - 18% increase in customer satisfaction
  - Validated 20 years of positive experiences

Source: Memo, DUSD(AR), 2 Jul 98

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Notes

## AF Commitment to PBSC

- PBSC affects “Big Rocks”
  - Commercial Contracting
  - CS&P
  - Past Performance
  - Reengineering Source Selection Process
  - \* Reengineering Services Buying

Source: "Contracting 21: 1999 Business Plan"

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Finish

## Review

- Why PBSC
- Top-level commitments



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